## Message Text

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INFO OCT-01 ISO-00 EB-08 DODE-00 PM-05 CIAE-00 INR-07

-----001668 010301Z /64

R 311457Z AUG 77
FM AMEMBASSY VIENNA
TO USDOC WASHDC
INFO SECSTATE WASHDC 3136
AMEMBASSY BRUSSELS

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USDOC FOR SIPS/MR. STRAUSS LEON

BRUSSELS FOR FAA

E.O. 11652: N/A TAGS: BEXP, AU

SUBJECT: PRODUCT OPPORTUNITY - RADAR SYSTEM FOR AUSTRIAN AIR

FORCE BASE

REF: A) STATE 163639, B) VIENNA 6334

1. DR. ZANDRA (E. SCHRACK ELEKTRIZITAETS AS, REP IN AUSTRIA FOR RAYTHEON AN-TPN RADAR EQUIPMENT) HAS ADVISED EMBASSY THAT TWO AND POSSIBLY FOUR AUSTRIAN AIR FORCE (AAF) OFFICERS AND CIVILIAN OFFICIALS OF MINISTRY OF DEFENSE WILL TRAVEL TO U.S. SEPT. 19 TO VISIT RAYTHEON IN WALTHAM, MASS. ACCORDING ZANDRA, GROUND CONTROL APPROACH (GCA) RADAR EQUIPMENT DESIRED FOR ZELTWEG AIR BASE WAS ACTUALLY SUBJECT OF A PUBLIC TENDER SOME TIME AGO, AND RAYTHEON CAME OUT FRONT-RUNNER ON BASIS OF TECHNICAL SUPERIORITY. RAYTHEON NOW APPARENTLY HAS INVITED AAF OFFICIALS TO DISCUSS MINOR POINTS OF DISAGREEMENT AND OBSERVE AN-TPN-22 UNIT (FYI: ZANDRA SAID AIR FORCE AUTHORITIES ARE NOW INCLINED TOWARD THIS UNIT, VICE AN-TPN-25, BECAUSE OF ITS LOWER LIMITED OFFICIAL USE

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COST).

2. ZANDRA SAYS AAF IS CONCERNED, HOWEVER, OVER A FEE ITEMIZED IN RAYTHEON OFFER AS QUOTE U.S. GOVERNMENT MANUFACTURERS TOOLING RENTAL UNQUOTE. THIS CHARGE, WHICH RAYTHEON SHOULD NOT HAVE BROKEN OUT, IS \$144,000 IF AAF PURCHASED ONLY HALF EQUIPMENT (VALUE \$3.3 MILLION) AND DOUBLE THAT IF IT PURCHASES THE ENTIRE

\$6.6 MILLION PACKAGE. AAF DOES NOT UNDERSTAND WHY IT MUST INDIRECTLY PAY SOME SORT OF TOOLING RENTAL FEE TO THE U.S. GOVERNMENT, A CHARGE WHICH SUBSTANTIALLY INCREASES THE COST OF THE RAYTHEON RADAR. ZANDRA HAS REQUESTED EMBASSY ASSISTANCE IN HAVING THIS CHARGE ELIMINATED OR AT LEAST SUBSTANTIALLY REDUCED.

3. ACTION REQUESTED: EMBASSY IS AS MUCH IN THE DARK AS ZANDRA AND THE AAF REGARDING EXACT NATURE OF THIS CHARGE, AND WOULD APPRECIATE EXPLANATION BY EITHER USDOC OR RAYTHEON. ALTHOUGH CHARGE MAY NOT BE AS CRITICAL A FACTOR IN THE SALE AS ZANDRA MAKES IT OUT TO BE, IT WILL REQUIRE AFF EXPLANATION TO THE POLITICIANS WHO HOLD THE PURSE STRINGS. PLEASE ALSO ADVISE SOONEST IF THERE IS ANY POSSIBILITY OF ELIMINATING OR REDUCING THIS FEE. RAYTHEON PROJECT OFFICIAL REPORTEDLY IS SALES MANAGER HERBERT LIPSON.WOLF

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## Message Attributes

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